

Education and Workforce Development Cabinet

Kentucky's annual jobless rate falls sharply to 8.2 percent in 2012

Press Release Date: Friday, March 01, 2013

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FRANKFORT, Ky. (March 1, 2013) — Kentucky's annual unemployment rate dropped significantly to 8.2 percent in 2012 from 9.5 percent in 2011, a difference of 1.3 percent, while nonfarm employment gained 28,800 jobs, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The U.S. annual unemployment rate fell to 8.1 percent in 2012 from 8.9 percent in 2011.

"In 2012, Kentucky's labor force expanded as more people looked for jobs than in the previous year. But the number of new jobs created in our economy outstripped the new entrants in the job market. That caused our unemployment rate to dip sharply," said Manoj Shanker, an economist with OET.

The U.S. Bureau of Labor Statistics' estimate of the number of employed Kentuckians for 2012 was 1,903,880. This figure is up 28,432 from the 1,875,447 employed in 2011 and up 65,385 from 2002.

The estimated number of unemployed Kentuckians for 2012 was 170,926, down 25,310 from the 196,236 unemployed in 2011. The number of those unemployed is up by 58,951 compared to 10 years ago.

In 2012, the estimated number of Kentuckians in the civilian labor force was 2,074,806. This is up 3,123 from the 2,071,683 recorded in 2011, and up 124,336 persons from 1,950,470 in 2002.

Labor force statistics, including the unemployment rate, are based on surveys designed to measure trends.

Kentucky had the 19th highest annual unemployment rate among all states including the District of Columbia in 2012. Annual average unemployment rates declined in 46 states and the District of Columbia, rose in two states and were unchanged in two.

North Dakota had the lowest 2012 unemployment rate in the country at 3.1 percent while Nevada had the highest rate at 11.1 percent. Among contiguous states, Indiana and Illinois had unemployment rates higher than Kentucky, while Virginia, Missouri, Ohio, West Virginia and Tennessee had rates lower than Kentucky.

In 2012, Kentucky's nonfarm payroll (agriculture and self-employed jobs excluded) increased by 28,800 or 1.6 percent to 1,824,400 employees making it the highest number of nonfarm jobs in Kentucky since 2008 when Kentucky's nonfarm employment stood at 1,851,700. Nonfarm employment data is derived

from a large sample of business establishments and is based on the Current Employment Statistics (CES) program surveys.

Seven of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2012, while four reported losses.

According to the annual employment data, Kentucky's manufacturing sector expanded by 10,600 jobs or 5 percent in 2012 for a total of 223,300 positions. In the last 10 years, the manufacturing base has eroded by 27 percent with the loss of 51,800 jobs.

"Kentucky's manufacturing employment declined for 10 consecutive years starting in 2001, but then the state's manufacturing base expanded in 2011 and 2012," Shanker said. "Most of the growth in 2012 was from the durable goods subsector, especially transportation equipment manufacturing was up 16.8 percent in 2012 with the addition of 7,100 jobs," said Shanker.

The trade, transportation and utilities sector increased by 5,100 jobs or 1.4 percent in 2012, but it has fallen by 1,700 or .5 percent over the past 10 years. It is the largest Kentucky sector with a total of 370,600 jobs or one-fifth of Kentucky's nonfarm employment. Within the sector in 2012, wholesale trade was up by 1,000 jobs, retail trade employment was up by 1,500, while businesses in transportation, warehousing and utilities added 2,700 jobs.

"Though only 6 percent of the jobs in this sector are in warehousing and storage, employment in this subsector posted a gain of almost 12 percent with the addition of 2,200 jobs in 2012. The market is changing rapidly with the growth of regional warehousing facilities that are equipped to drop-ship directly to online customers," said Shanker.

Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, added 4,800 jobs in 2012. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has surged by 34,000 jobs or nearly 22 percent.

"Growth in business support services is an important indicator of the health of the economy. Businesses increasingly outsource non-core activities like payroll services," said Shanker.

The state's leisure and hospitality sector added 4,500 positions in 2012, and rose by 21,100 or nearly 14 percent since 2002. Within the sector are arts, entertainment and recreation, and accommodation and food services.

"Almost all of the employment gains were in the area of food services and drinking places, which include restaurants and food service caterers," said Shanker.

The educational and health services sector gained 2,900 jobs in 2012 and has shot up by 34,600 or a little over 15 percent in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals, nursing and residential care facilities and social assistance businesses, added 3,800 jobs in 2012 for a gain of 1.7 percent, and have expanded by 35,100 jobs or more than 18 percent in the past 10 years. Educational services in this sector include employees at private elementary, secondary and postsecondary

schools along with other establishments that provide instruction and training. Educational services lost 900 jobs in 2012, and declined by 500 jobs in the last 10 years.

The government sector, which includes federal, state and local employment in public education, public administration agencies and state-owned hospitals, expanded by 2,600 jobs or .8 percent in 2012. In the last 10 years, the sector has grown by 22,300 positions.

The financial activities sector gained 1,800 jobs from a year ago. Over the past 10 years this sector has added 4,000 jobs for a gain of 4.8 percent. “The financial crisis dampened the growth of this sector in 2008 and 2009. But now, that the consolidations and subsequent job losses have played themselves out, this sector is beginning to grow again,” said Shanker.

Kentucky’s construction sector had 300 fewer jobs or .3 percent less in 2012. The sector has declined by 16,000 jobs or nearly 19 percent since 2002.

“The construction industry was hard hit by the mortgage crisis, as well as the general economic recession. Employment has declined in seven of the last 10 years. The changing demographics, such as smaller families, have also dampened construction activity,” Shanker said.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations, declined by 400 jobs or .6 percent in 2012. The sector has lost 6,200 jobs in the last 10 years.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, lost 500 positions or almost 2 percent in 2012. It is down by 5,100 jobs or more than 16 percent compared to 10 years ago.

Employment in the mining and logging sector declined sharply by almost 10 percent with the loss of 2,200 in 2012. Over a 10-year period the sector has shown a gain of 300 jobs.

“Increased competition from the natural gas industry, as well as low-cost coal mined in the western United States, has considerably dampened employment in Kentucky’s mining sector,” said Shanker. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Learn more about Kentucky labor market information at <http://www.kylmi.ky.gov/>.